

KEYSPAN ENERGY DELIVERY NEW ENGLAND
D.T.E. 05-68

FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE 1-2

Date: February 1, 2006

Respondent: Theodore Poe, Jr.

- Q. Please refer to pages 53-55 of the filing. Define the terms "re-light costs," "freeze-up damages," and "economic damages." Please explain how the Company quantified costs associated with each component of the "re-light costs," "freeze-up damages," and "economic damages."
- A. Since the purpose of the Company's cost-benefit analysis is to establish its design day and design-year planning standards, the Company compared the cost of holding adequate capacity and supply resources to meet customer requirements in comparison to the "benefit" that would result from the avoidance of costs (*i.e.*, physical and economic damages) that would be incurred by customers in the event of an outage caused by a shortage of gas-supply resources. In performing this analysis, there are three specific costs that the Company calculated and assigned to the "benefit" side of the analysis:
- (1) re-light costs, which are the labor cost associated with having Company personnel safely restart gas service to a customer's premise following a loss of gas service at the premise by re-lighting the customer's gas appliances;
 - (2) freeze-up damages, which are the cost of repair to a customer's residence associated with frozen and burst water pipes should space heating be lost because of a loss of gas service; and
 - (3) economic damages, which are the value of commercial and industrial production that would be lost to such a customer because of a loss of gas service.

The specific sources and methodologies for establishing these costs are documented in the Company's filing on pages 53-60.

